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Follow-up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus

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Agenda item 9 (d)
Multi-stakeholder round tables under the overall theme "Looking ahead: further cooperative actions in financing for development", focusing on the following six major thematic areas

Round table 4

Increasing international financial and technical cooperation for development

Summary of discussion

1. Round table 4 was co-chaired by Laurent Gbagbo, President of Côte d'Ivoire, and Laszlo Varkonyi, State Secretary of the Ministry of Foreign Affairs of Hungary. Olav Kjorven, Assistant Secretary-General and Director, Bureau for Development Policy, United Nations Development Programme, moderated the panel. Presentations were made by the following panellists: Bader Al-Dafa, Executive Secretary of the Economic and Social Commission for Western Asia (ESCWA); Ahmad Mohamed Ali Al-Madani, President of the Islamic Development Bank; Eckhard Deutscher, Chair of the Development Assistance Committee (DAC) of the Organization for Economic Cooperation and Development; Gargee Ghosh, Senior Programme Officer for Development Finance and Policy, Bill and Melinda Gates Foundation; Jean Ping, Chairperson of the African Union Commission; Sam Worthington, President and Chief Executive Officer of InterAction.

2. In his introductory remarks, Mr. Kjorven stressed the importance of delivering on official development assistance (ODA) commitments and making changes to make aid more effective. Those adjustments include further untying of aid, improving coordination and harmonization, and strengthening triangular and South-South cooperation. Discussions on those measures must be placed in the context of the negotiation of the draft Doha outcome document, which would set the stage for work in the coming years. Also, against the backdrop of the international food, energy and financial crises, development cooperation is all the more important. Counter-cyclical public investment is needed now in developing countries and ODA must be scaled up to help.

3. Mr. Al-Dafa reviewed the trends and patterns of ODA in the Western Asia region, where ODA is particularly important for infrastructure projects. Recent

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increases in ODA in the region were mainly attributable to debt relief and natural disaster assistance. The Arab States — mainly the oil exporters of the Gulf Cooperation Council (GCC) — provided generous official assistance to a large number of developing countries. The amount of ODA in the ESCWA region had reached 25.5 per cent of FDI and 47 per cent of remittances received. The distribution of Arab development funds was comprised of 15 per cent to Africa, 27 per cent to Asia and 65 per cent to Arab States, based on a foundation of solidarity and cooperation. The top two institutions providing funding were the Islamic Development Bank and the Arab Fund for Economic and Social Development. Assistance went primarily to the services sector — transportation and communication, education, health and housing and energy. Technical assistance was provided in all areas and the Arab development funds supported "Aid for Trade" to increase competitiveness and research and development. Saudi Arabia provided about two thirds of total aid from Arab States, followed by Kuwait, United Arab Emirates and Qatar. Although those were still developing countries, aid disbursement from the region constituted 0.5 per cent of GNP, higher than the percentage among DAC countries. The aid, which was non-conditional, was mainly provided in the form of grants and long-term loans of high concessionality. In recent years, the significant increase in aid had been due to assistance for the reconstruction of Iraq, Sudan and Palestine.

4. Mr. Al-Madani noted that all members of the Islamic Development Bank (IsDB) were developing countries; sub-Saharan African countries, where acute poverty was still a serious problem, made up 40 per cent of its membership. He stressed that the current crises would have a further negative impact on the poor. He discussed the IsDB lessons learned and best practices in the area of official assistance. Improvement of coordination and innovative mechanisms in scaling up aid through the Islamic Solidarity Fund for Development had resulted in substantial increase in aid to the poorest countries to facilitate reaching the Millennium Development Goals. Technical assistance had been developed to enhance absorptive capacity and lead to self-reliance of recipient countries. Partnership with non-official institutions in strategic areas had resulted in providing affordable access to health care and microfinance. Mr. Al-Madani put forward some concluding thoughts concerning how to make aid more effective: (a) the need to encourage more initiatives to share knowledge and innovation through development cooperation; (b) the need to help recipient countries to graduate from aid; and (c) the need to realize that helping the poor was a win-win situation.

5. Mr. Deutscher pointed out that failure to meet the goals set by the DAC donors would have a severe impact on the poor, particularly in the wake of food and financial crises. He also emphasized that economic and financial crisis should not affect the ODA budget of DAC donors. Referring to what had been agreed at the Accra High-Level Forum on Aid Effectiveness, a mid-term review of the implementation of the Paris Declaration on Aid Effectiveness, which had been held in Accra in September 2008, he emphasized that further efforts were needed to strengthen country ownership during development cooperation; build more effective and inclusive partnership for development; increase productivity and concessionality of aid; and improve the management of aid by recipients. Recent evaluation showed that although there had been some improvement in those areas, the pace of progress was slow. He added that further reform and faster action were needed to meet the time frame of the Paris Declaration Commitment. Currently,

75 per cent of ODA from DAC donors to the least developed countries was untied. That amount had to be further increased to allow local and regional suppliers to benefit from procurement. With regard to technical cooperation, the speaker stressed that it must be country-led and country-owned and donors should facilitate coordination between themselves to avoid fragmentation. He highlighted that the bottom line was the need for action to implement commitments to address problems with all partners doing their part.

6. Ms. Ghosh discussed the activities of Bill and Melinda Gates Foundation, which focused on working to help all people lead healthy and productive lives. There were two programmes geared to developing countries: the Global Development Programme aimed to increase opportunities for people in developing countries to overcome hunger and poverty, while the Global Health Programme ensured that advances in health care were created and shared with those who needed them most. She emphasized the need for political will and a results-oriented framework for ODA. Better data and evaluation mechanisms for better policy-making were required. The need for new finance mechanism to supplement existing ODA was also noted.

7. Mr. Ping referred to the recent economic and financial crisis, which had driven down demand, export and price for commodities and consequently had a negative impact on the African economy. Based on past experience, ODA from developed countries was usually reduced after a crisis. In that environment, he emphasized the need for developed countries to lower agricultural subsidies and improve market access for developing countries. Finally, he called for increased aid to Africa from Islamic countries.

8. Mr. Worthington discussed the change in the aid architecture, especially regarding the NGO community. He pointed out that with rapid growth of private fund for development cooperation there was a need to acknowledge these funds; $54 billion of private funds had been disbursed through NGOs for development cooperation in 2006. From 2000 to 2006, there had been a tripling of private funds from individuals, foundations and corporations through NGOs to development programmes. NGOs worked with Governments and in partnership with community-based organizations, the United Nations, business and foundations. NGOs added value at the local level, helping in local capacity-building and strengthening the capacity of Governments. He emphasized that NGO programmes were participatory in design and implementation. Long-term programmes (10-15 years) were established in partnership with governments to ensure a steady flow of aid. NGOs had launched a process to ensure the effective use of aid, based on Paris Declaration principles, to consider a platform of standards and norms. He stated that his organization would lobby the new United States administration to double ODA commitments and to seriously explore innovative financing mechanisms, including the Currency Transaction Tax (CTT).

9. After the panel presentations, a policy discussion was held among participants, including representatives of Governments and institutional and non-institutional stakeholders. The following points were made during the presentations and discussions:

- Innovative sources of financing should be additional and complementary to ODA, and new initiatives should be inclusive and participatory. The implementation of new initiatives, such as CTT, is welcome. Governments

should be urged to pilot and take part in the Working Group on Solidarity Levies.

- Provision of aid through NGOs should be transparent and accountable.
- Some specific aid programmes may not be consistent with the development needs of recipient countries.
- What are the conditions that are conducive to aligning public wishes for ODA with the actual budgetary allocations for aid in developed countries?
- Aid for climate change should be additional to ODA commitments.
- The United States representative stated that his country would meet ODA commitments, including doubling ODA to Africa. ODA should be predominantly for leveraging other resources, such as private flows and trade. Therefore, the Doha round must be concluded. The Millennium Challenge Account was working on providing untied aid at the request of countries that had good governance and sound economic and social policies.